



# IOWA NORTHERN RAILWAY COMPANY

PARAMOUNT THEATRE BUILDING  
305 SECOND STREET, SOUTHEAST, SUITE 400  
CEDAR RAPIDS, IOWA 52401  
319.297.6000  
319.297.6005 (FAX)

- 229494



May 10, 2011

VIA FEDERAL EXPRESS

Ms. Cynthia T. Brown  
Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street SW, Room 1034  
Washington, DC 20024

**FILED**

MAY 11 2011

Re: Finance Docket No. 35511  
IOWA NORTHERN RAILWAY  
COMPANY – TRACKAGE RIGHTS EXEMPTION  
Pursuant to 49 C.F.R. Section 1180.2 (d)(7)

**SURFACE  
TRANSPORTATION BOARD**

Dear Ms. Brown:

Enclosed for filing in the above-captioned proceeding are an original and ten copies of a Verified Notice of Exemption of Iowa Northern Railway Company pursuant to 49 C.F.R. Section 1180.2 (d)(7) dated May 10, 2011. A check in the amount of \$1,200.00 representing the appropriate fee for this filing is attached.

One extra copy of this transmittal letter and a copy of the Notice also are enclosed. I would request that you date-stamp those copies to show receipt of this filing and return them to me in the enclosed envelope.

If you have any questions regarding this filing, please feel free to contact me. Your assistance is appreciated.

Sincerely yours,

T. Scott Bannister, Esq.  
Attorney for Applicants

ENTERED  
Office of Proceedings  
MAY 11 2011  
Part of  
Public Record

TSB:fcm

Enclosures

BEFORE THE  
SURFACE TRANSPORTATION BOARD



IOWA NORTHERN RAILWAY  
COMPANY -TRACKAGE RIGHTS  
EXEMPTION-DAKOTA, MINNESOTA &  
EASTERN RAILROAD CORPORATION  
d/b/a CANADIAN PACIFIC

FINANCE DOCKET NO. 35511

**FILED**  
MAY 11 2011  
SURFACE  
TRANSPORTATION BOARD

**VERIFIED NOTICE OF EXEMPTION**  
of  
**IOWA NORTHERN RAILWAY COMPANY**  
Pursuant to 49 C.F.R. Section 1180.2 (d)(7)

T. Scott Bannister, Esq.  
Vice President and General Counsel  
Iowa Northern Railway Company  
305 Second Street Southeast – Suite 400  
Cedar Rapids, IA 52401

(319) 297-6000  
Attorney for Iowa Northern Railway Company

Dated: May 10, 2011

**FEE RECEIVED**  
MAY 11 2011  
SURFACE  
TRANSPORTATION BOARD

BEFORE THE  
SURFACE TRANSPORTATION BOARD

IOWA NORTHERN RAILWAY  
COMPANY -TRACKAGE RIGHTS  
EXEMPTION-DAKOTA, MINNESOTA &  
EASTERN RAILROAD CORPORATION  
d/b/a CANADIAN PACIFIC

FINANCE DOCKET NO. 35511

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VERIFIED NOTICE OF EXEMPTION  
of  
IOWA NORTHERN RAILWAY COMPANY  
PURSUANT TO 49 C.F.R. Section 1180.2 (d)(7)

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Pursuant to 49 C.F.R. Sections 1180.2(d)(7) and 1180.4(g), **Iowa Northern Railway Company** ("**Iowa Northern**"), a Class III carrier, files this Verified Notice of Exemption (the "Notice") from prior approval requirements of 49 U.S.C. 11323, et seq. to permit Iowa Northern to acquire and exercise overhead trackage rights over track owned by **Dakota, Minnesota & Eastern Railroad Corporation d/b/a Canadian Pacific**, a Delaware corporation (hereinafter "**CP**") between the following points;

- 1) Milepost 137.50 near Garner, Iowa, and Milepost 116.70 at the connection with CP's Mason City Subdivision, a distance of approximately 20.80 miles; and
- 2) Milepost 116.70 at the connection with CP's Mason City Subdivision and Milepost 107.30 near Nora Junction at the connection with the Iowa Northern, a total distance of approximately 30.2 miles between Garner and Nora Junction, Iowa; and
- 3) Milepost 116.70 at the connection with CP's Mason City Subdivision and Milepost 7.9 on CP's Austin Subdivision near Plymouth Jct., Iowa at the connection with the Iowa Northern, a total distance of approximately 27.2 miles between Garner and Plymouth Jct., Iowa.

The trackage rights are based upon a written agreement and are not filed or sought in a responsive application to a rail consolidation proceeding. Accordingly, they are exempt from the prior approval requirements of 49 U.S.C. 11323.

Iowa Northern files this Notice in furtherance of the transaction, and submits the following information in support thereof, in accordance with the Board's regulations set forth at 49 C.F.R. §1180.4(g)(l) and 1180.6.

**A brief summary of the proposed transaction, the name of the applicants, their business addresses, telephone numbers, and the name of the counsel to whom questions regarding the transaction can be addressed - Section 1180.6(a)(l)(i);**

Under the proposed transaction, CP will grant overhead trackage rights to Iowa Northern to transport traffic in the account of Iowa Northern with its trains, locomotives, cars and equipment between;

- 1) Milepost 137.50 near Garner, Iowa, and Milepost 116.70 at the connection with CP's Mason City Subdivision, a distance of approximately 20.80 miles; and
- 2) Milepost 116.70 at the connection with CP's Mason City Subdivision and Milepost 107.30 near Nora Junction at the connection with the Iowa Northern, a total distance of approximately 30.2 miles between Garner and Nora Junction, Iowa; and
- 3) Milepost 116.70 at the connection with CP's Mason City Subdivision and Milepost 7.9 on CP's Austin Subdivision near Plymouth Jct., Iowa at the connection with the Iowa Northern, a total distance of approximately 27.2 miles between Garner and Plymouth Jct., Iowa.

These trackage rights will enable Iowa Northern to transport freight by rail to and from a branch line located between Belmond and Forest City, Iowa (the "Forest City Line") and owned by Union Pacific Railroad Company ("UP") and the subject of a sale by UP to North Central Iowa Rail Corridor, LLC ("NCIRC"). NCIRC has agreed that Iowa Northern will be the exclusive rail operator of the Forest City Line. The acquisition and lease of the Forest City Line is the subject of two class exemption Notices; 1) for North Central Iowa Rail Corridor, LLC, a noncarrier, to acquire the Forest City Line from UP filed in Finance Docket No. 35507, North Central Iowa Rail Corridor, LLC – Acquisition Exemption – Rail Line of Union Pacific Railroad Company in Hancock, Winnebago, and Wright

Counties, Iowa, and 2) for Iowa Northern to operate the Forest City Line was concurrently filed in Finance Docket No. 35508, Iowa Northern Railway Company – Operation Exemption – Rail Line of North Central Iowa Rail Corridor, LLC in Hancock, Winnebago, and Wright Counties, Iowa.

Iowa Northern is an Iowa corporation and is a Class III rail carrier. Its principal office is at 305 Second Street Southeast – Suite 400, Cedar Rapids, IA 52401.

The rail carrier which is granting the trackage rights which are the subject of this Notice is Dakota, Minnesota & Eastern Railroad Corporation d/b/a Canadian Pacific, a Delaware corporation, and a Class I rail carrier. Its business address is:

Dakota, Minnesota & Eastern Railroad Corporation d/b/a Canadian Pacific  
140 N. Phillips Avenue  
Sioux Falls, SD 57104

The person to whom correspondence with respect to this Notice should be sent is:

T. Scott Bannister  
Vice President, Secretary and General Counsel  
Iowa Northern Railway Company  
305 Second Street Southeast – Suite 400  
Cedar Rapids, IA 52401

**The proposed time schedule for consummation of the proposed transaction -Section 1180.6(aXI)(ii)**

Iowa Northern will not exercise any rights under the Trackage Rights Agreement until thirty (30) days after the filing of this Notice with the Board.

**The purpose sought to be accomplished by the proposed transaction, e.g., operating economies, eliminating excess facilities, improving service, or improving financial viability of the applicants-Section 1180.6(a)(I)(iii);**

The purpose of the proposed trackage rights is to enable Iowa Northern to transport freight by rail between the connection of the Forest City Line and the CP trackage at Garner, Iowa and alternatively, Nora Jct., Iowa (a distance of 30.2 miles) or Plymouth Jct., Iowa (a distance of 27.2 miles).

**A list of the State(s) in which any part of the property of each applicant carrier is situated.**

**Section 1180.6(a)(5);**

Iowa Northern operates rail lines in the State of Iowa.

**Map (Exhibit 1) - Section 1180.6(a)(6) - Submit a general or key map indicating clearly, in separate colors or otherwise, the line(s) of applicant carriers in their true relation to each other, short line connections, other rail lines in the territory, and the principal geographic points in the region traversed. If a geographically limited transaction is proposed, a map detailing the transaction should also be included;**

A map depicting the trackage rights which are the subject of this Notice of Exemption is attached hereto as Exhibit 1.

**Agreement (Exhibit 2) - Section 1180.6(a)(7)(ii) - Submit a copy of any contract or other written instrument entered into, or proposed to be entered into, pertaining to the proposed transaction. In addition, parties to exempt trackage rights agreements described at § 1180.2(d)(7) must submit one copy of the executed agreement or renewal agreement with the notice of exemption, or within 10 days of the date that the agreement is executed, whichever is later;**

A copy of letter of intent dated November 3, 2010 from CP concerning the Trackage Rights Agreement is attached. The Trackage Rights Agreement is not yet finalized but once signed a copy will be provided to the Board.

**Labor Protection - Section 1180.4(g)(1);**

Any employees who are adversely affected by the acquisition of the trackage rights that are the subject of this Notice of Exemption will be entitled to protection under the conditions imposed in Norfolk and

Western Railway Co. -Trackage Rights—Burlington Northern, Inc., 354 I.C.C. 605 (1978), as modified by Mendocino Coast Railway, Inc.—Lease and Operate— California Western Railroad, 360 I.C.C. 653 (1980).

**Caption Summary -Section 1180.4 (g)(2);**

A caption summary suitable for publication in the Federal Register is attached hereto as Exhibit 3.

**Environmental and Historical Reports - Section 1180.4(g)(3);**

In accordance with 49 C.F.R. 1105.6(c)(4), no environmental documentation is required in connection with the transaction that is the subject of this Notice of Exemption. Likewise, in accordance with 49 C.F.R. 1105.8(b)(3), no historical report is required in connection with the transaction that is the subject of this Notice.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'T. Scott Bannister', is written over a horizontal line.

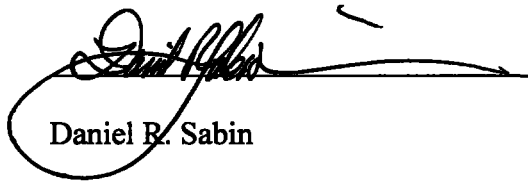
T. Scott Bannister  
Vice President, Secretary and General Counsel  
Iowa Northern Railway Company  
305 Second Street Southeast – Suite 400  
Cedar Rapids, IA 52401

(319) 297-6000

## VERIFICATION

I, Daniel R. Sabin, hereby verify under penalty of perjury that I am the President of Iowa Northern Railway Company, that I am qualified and authorized to execute this Verified Notice of Exemption and that the matters stated herein are true and correct to the best of my information and belief.

Executed on May 10, 2011.

A handwritten signature in black ink, appearing to read "Daniel R. Sabin", is written over a horizontal line. The signature is stylized with a large, looping initial "D".

Daniel R. Sabin



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LOS AN

## EXHIBIT 2- TRACKAGE RIGHTS AGREEMENT LETTER OF INTENT



**CANADIAN  
PACIFIC**

D'Arcy Duquette  
Director, Network  
Strategy

Suite 500  
Cull Canada Square  
401 - 9th Avenue SW  
Calgary, AB  
T2P 4L4

IR: 403.719.6645  
Fax: 403.319.7665  
Cell: 403.911.7430

Wednesday, November 3<sup>rd</sup>, 2010

Mr. Daniel R. Sabin,  
President  
Iowa Northern Railway Company,  
Paramount Theatre Building,  
305 Second Street Southeast, Suite 400,  
Cedar Rapids IA  
52401

Daniel,

As we have previously discussed, Canadian Pacific ("CP") and Iowa Northern ("IANR") are in exploratory discussions for a overhead trackage rights arrangement whereby the Iowa Northern would utilize the CP line between Plymouth Junction and Garner for the purpose of connecting the IANR trackage with the former IUP Forest City Line, which the IANR is in negotiations to become the operator of that property if a potential sale from the UP to the county is successful.

It is CP's understanding that in order for the county to continue to move forward with the potential purchase of the former IUP Forest City Line they have asked the IANR to provide documentation that CP will in fact be agreeable to granting overhead trackage rights in the event of a successful bid.

Please take this letter as CP's willingness to enter into negotiations for the below rights between IANR and CP subject to further detailed negotiations regarding specific terms and conditions under which the IANR and CP will operate:

- CP trackage and right-of-way on CP's Owatonna Subdivision between MP 115 at Plymouth Jct. and MP 116.7 at Mason City.
- CP trackage and right-of-way on CP's Sheldon Subdivision between MP 116.7 at Mason City and MP 137.6 at Garner.
- CP shall have the right to limit IANR to one train in each direction daily between Garner and the connecting tracks with IANR at Plymouth Junction. CP will provide time slots of operation to avoid conflicting train operations.

I look forward to working with the IANR in this unique opportunity to expand our businesses together.

Thank you,

  
D'Arcy Duquette  
Director, Network Strategy



**CANADIAN  
PACIFIC**  
CHRYSTAL, ONTARIO

**SURFACE TRANSPORTATION BOARD**

**Finance Docket No. 35511**

**Notice of Exemption**

**Iowa Northern Railway Company  
- Trackage Rights Exemption –  
Dakota, Minnesota & Eastern Railroad Corporation d/b/a Canadian Pacific**

Dakota, Minnesota & Eastern Railroad Corporation d/b/a Canadian Pacific ("CP") will agree to grant overhead trackage rights to Iowa Northern Railway Company ("Iowa Northern") to permit Iowa Northern to operate over the tracks of CP between the following points;

- 1) Milepost 137.50 near Garner, Iowa, and Milepost 116.70 at the connection with CP's Mason City Subdivision, a distance of approximately 20.80 miles; and
- 2) Milepost 116.70 at the connection with CP's Mason City Subdivision and Milepost 107.30 near Nora Junction at the connection with the Iowa Northern, a total distance of approximately 30.2 miles between Garner and Nora Junction, Iowa; and
- 3) Milepost 116.70 at the connection with CP's Mason City Subdivision and Milepost 7.9 on CP's Austin Subdivision near Plymouth Jct., Iowa at the connection with the Iowa Northern, a total distance of approximately 27.2 miles between Garner and Plymouth Jct., Iowa.

The transaction is scheduled to take place on or after June 10, 2011.

This Notice is filed under 49 CFR Section 1180.2 (d)(7). Petitions to reopen the proceeding to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction. Petitions to stay must be filed no later than \_\_\_\_, 2011 (at least 7 days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 35487, must be filed with the Surface Transportation Board, 395 E Street SW, Washington, DC 20423-0001. In addition, a copy of each pleading must be served on T. Scott Bannister, Esq., Iowa Northern Railway Company, 305 Second Street SE, Suite 400, Cedar Rapids, IA 52401, [sbannister@iowanorthern.com](mailto:sbannister@iowanorthern.com).

Board decisions and notices are on our website at [WWW.STB.DOT.GOV](http://WWW.STB.DOT.GOV).

Decided: \_\_\_\_, 2011.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.